

HOUSE BILL REPORT

ESB 5927

As Passed House:

March 7, 2008

Title: An act relating to exempting certain internal control documents from disclosure under the public records act.

Brief Description: Regarding nondisclosure of certain information of gambling commission licensees and tribes with approved gaming compacts.

Sponsors: By Senator Delvin.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 2/22/08, 2/26/08 [DP].

Floor Activity:

Passed House: 3/7/08, 93-1.

Brief Summary of Engrossed Bill

- Exempts from disclosure internal control documents, independent auditors' reports, and financial statements of house-banked card game licensees submitted to the Washington State Gambling Commission.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 7 members: Representatives Hunt, Chair; Appleton, Vice Chair; Chandler, Ranking Minority Member; Kretz, Liias, Miloscia and Ormsby.

Staff: Tracey Taylor (786-7196).

Background:

Gambling Commission

Under the Washington Gambling Act of 1973, the Washington State Gambling Commission (Commission) has exclusive authority to license and regulate gambling activities. The Commission issues licenses for a one-year period. Certain licensees must prepare financial statements covering all financial activities of the establishment for each business year. The

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

license application form and all supplemental information submitted at the Commission's request are considered public records.

The financial statements must be:

- prepared by an independent, certified public accountant who is licensed by Washington;
- submitted on a comparative basis (except that the first year may be submitted for the current business year only); and
- gross revenues from each licensed activity should be reported by activity and separated from all other revenues.

Public Records Act

The Public Records Act requires that all state and local government agencies make public records available for disclosure unless they fall within certain statutory exemptions. The provisions requiring public records disclosure must be interpreted liberally and the exemptions narrowly in order to effectuate a general policy favoring disclosure.

Summary of Bill:

Internal control documents, independent auditors' reports, and financial statements that the Commission requires house-banked card game licensees to submit are exempt from public disclosure.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect June 30, 2008.

Staff Summary of Public Testimony:

(In support) Internal controls are very detailed and contain sensitive information about the operations of the house-banked licensees and tribes with approved gaming compacts. This information contains security and surveillance information which could be used for nefarious purposes. In addition, financial statements are also extremely sensitive and could be used for competitive purposes. This bill, while protecting this sensitive information, does not interfere with the Gambling Commission's ability to collect needed information and use it to carry out its regulatory functions.

(Opposed) None.

Persons Testifying: Senator Delvin, prime sponsor; Amy Hunter, Washington State Gambling Commission; Dolores Chiechi, Recreational Gaming Association; and Robert Dayton, Hawks Prairie Casino.

Persons Signed In To Testify But Not Testifying: None.